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# Weekly Summary

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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, the Office of Geographic and Cartographic Research, and the Directorate of Science and Technology.

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Leftist leader Kamal Jumblatt (l) with Yasir Arafat following meeting to discuss Lebanese situation

## LEBANON: TRUCE STILL ELUSIVE

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Lebanese leftist Muslim forces under the leadership of Kamal Jumblatt continued their drive this week against Christian strongholds in defiance of Syrian efforts to negotiate a truce. After some initial panic triggered by President Franjiyah's flight from the presidential palace to Juniyah on March 25, the Christians stabilized their hold on the core area, but they are clearly on the defensive and eager to accept a Syrian-brokered cease-fire. Damascus, having failed in attempts at direct mediation, has cut off arms to the leftists in hopes of slowing their offensive and bringing Jumblatt to heel, but the Syrians still appear reluctant to risk an Israeli reaction by introducing large numbers of Syrian troops in Lebanon.

The Syrians have been pressing Fatah chief Yasir Arafat, whose increasingly active support to the leftists has been largely responsible for their

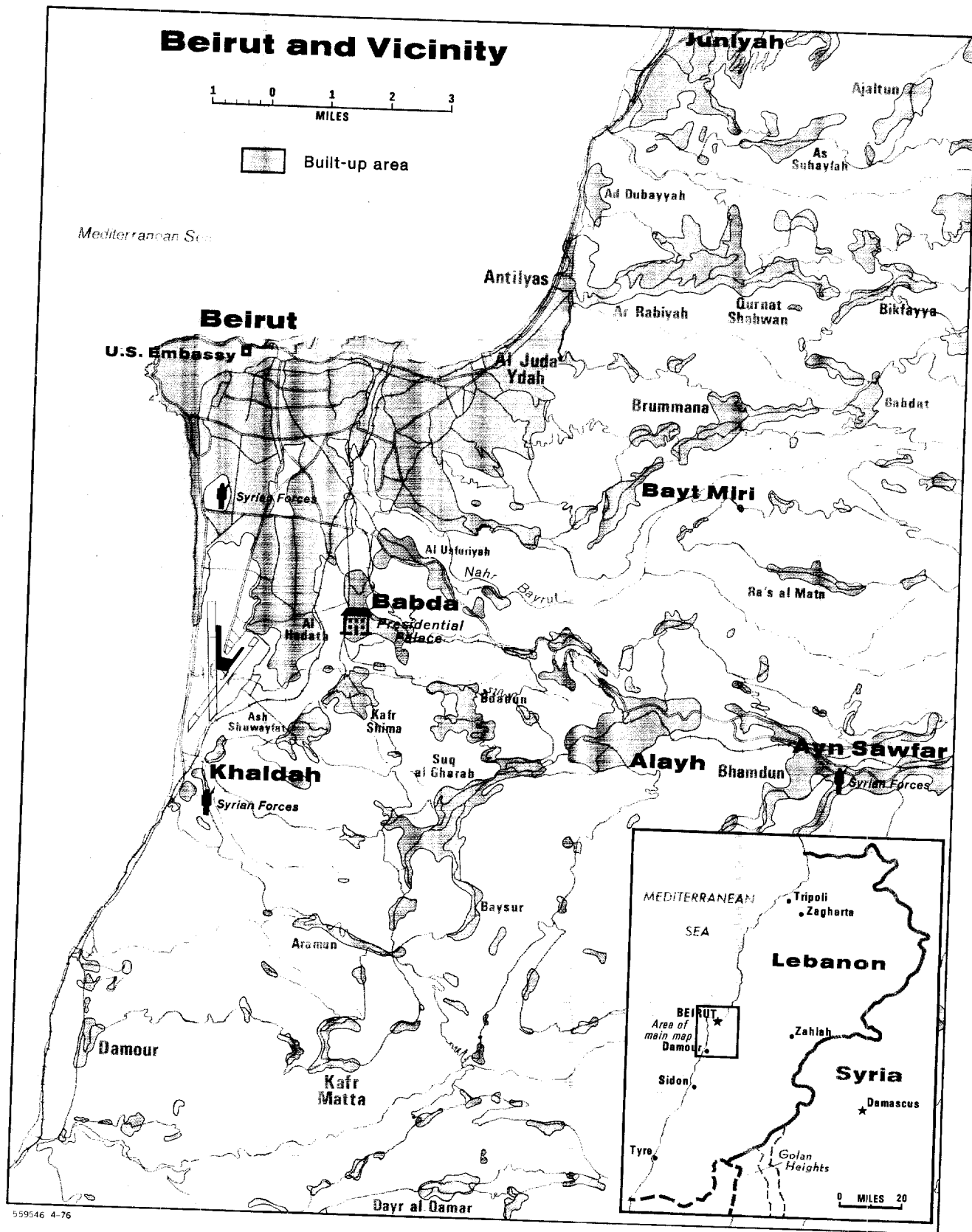
recent military successes, to withdraw his aid and persuade Jumblatt to accept a truce. Although Arafat wants to protect his close ties with Jumblatt and his allies—Muslim radical leader Ibrahim Qulaylat and renegade army officer Ahmad Khatib—the Palestinian leader is worried Damascus will cut off supplies to Fatah and that defiance of Syria at this point could lead to a direct confrontation with Syrian troops or, worse still, intervention by Israel. Arafat met with Jumblatt several times this week in an apparent effort to rein in his ally. Arafat would have to end all aid from Fatah, however, to halt the leftist military advance.

### Leftists Want Decisive Advantage

Jumblatt's forces have made inroads against the Christians in Beirut's hotel district and in the

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mountainous area east of the capital, and are threatening Christian villages on the periphery of the Christian core area. They have put especially heavy pressure on the Christian city of Kahhalah, and are fighting in other previously uncontested Christian territory. [REDACTED]

The Christian forces are roughly equal in numbers to the 15,000 to 20,000 leftists under Jumblatt's umbrella command, but are inferior to them in supplies and equipment. Christian leaders are worried that they cannot hold off a combined leftist-Palestinian drive for more than a few months.

Most Christians are now willing to accept Franjiyah's departure from office, but are hoping that it can be arranged through a Syrian-proposed formula that would provide a facade of constitutional legality. [REDACTED]

#### Syrians Still Hope for Mediation

The Syrians, although still deeply suspicious of Arafat, are banking heavily on him to salvage their mediation effort. They are trying to arrange an immediate truce to be followed by a quick amendment of the Lebanese constitution and election of a new president within a matter of a

few days. The Syrians may believe they can police a new cease-fire—at least temporarily—without sending additional troops to augment those already there.

President Asad has probably not made a final decision on whether he can risk openly intervening in Lebanon. He would probably face strong opposition in Damascus if such intervention appeared aimed at preventing the leftists from scoring a military victory, especially at the risk of sparking an Israeli reaction. Asad probably believes he can delay a decision if Arafat cooperates and the leftists begin losing their momentum on the ground.

Syrian military forces remained on alert throughout the week, although at a slightly lower level than the week before. [REDACTED]

[REDACTED] Syria may have moved some units into the southern Golan Heights area—possibly as a precaution against an Israeli reaction to any military move Damascus may make in Lebanon.

If Syria does decide to intervene, it could probably use at least a division of regular troops—mainly mechanized infantry and armor personnel, supported by field artillery, conventional antiaircraft artillery, and antitank units. The mission of the force would be to interpose itself between the warring factions—possibly by establishing a corridor in Lebanon along the Beirut-Damascus road. The Syrians would probably keep out of southern Lebanon to avoid provoking the Israelis.

#### Israel Remains Calm but Wary

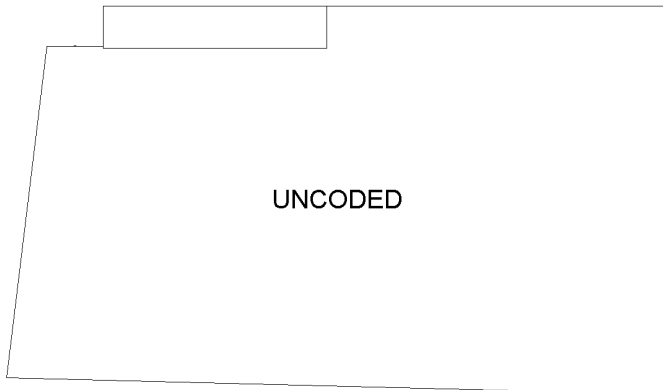
So far, Tel Aviv has not appeared to be overly concerned about the recent Syrian military measures. It has stated publicly, however, that it would take steps if Damascus openly sent regular army units into Lebanon. [REDACTED]

Israel is ready to begin

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mobilizing very quickly if it perceives a direct threat from Syria.



#### Jordanians on Alert

In reaction to the deteriorating situation in Lebanon, Jordan's King Husayn ordered his military forces placed on a low-level alert prior to his departure for the US on March 28, but so far the alert has not been fully implemented. Jordan's fighter aircraft have reportedly been armed and put into protective shelters, and antiaircraft artillery units have been moved into combat positions near Jordan's two principal fighter bases. Amman may have also strengthened its forces in northwestern Jordan as a precaution against a possible Israeli move there if fighting should break out between Israel and Syria because of Lebanon.

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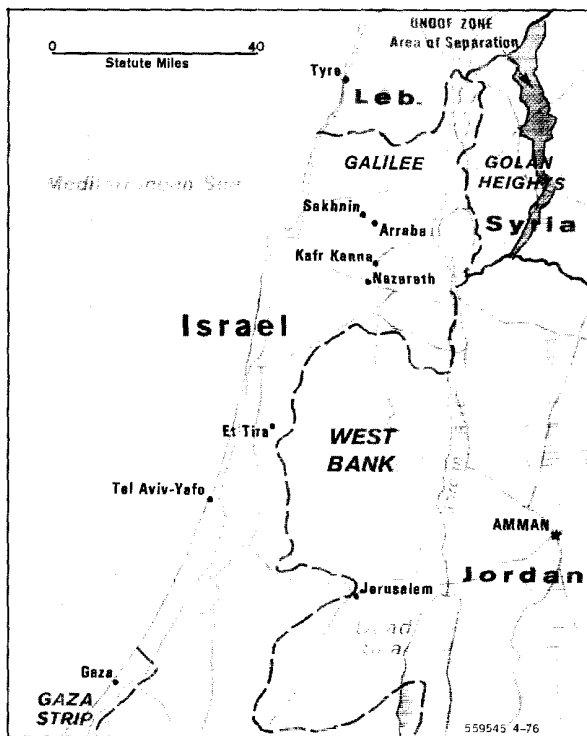
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#### ISRAEL: ARAB DISTURBANCES

Violent demonstrations by hundreds of Israeli Arabs shook northern Israel this week. The demonstrations reflect growing resentment, particularly on the part of young Israeli Arabs, over continuing neglect of their problems by the Jewish majority. The Arabs' willingness to assert themselves in this way is a further manifestation of the increased pride and self-confidence they have gained following the Arab-Israeli war in 1973.

The demonstrations centered on the villages of Sakhnin, Arraba, Kafr Kanna, and Et Tira. Seven demonstrators were killed, nearly 70 wounded, and approximately 300 arrested by Israeli security forces attempting to maintain order. Dozens of Israeli policemen and soldiers were injured by young Arabs throwing rocks and fire bombs.

The disturbances were an outgrowth of an earlier call by Israel's small Rakah Communist Party for a nationwide strike on March 30. Rakah called on Israel's 537,000 Arabs to protest the government's decision to expropriate land in Galilee for several development projects designed in the long run to increase northern Israel's



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Israeli police corner Arab demonstrator during recent disturbances

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Jewish population. Approximately one third of the land in question is Arab-owned.

The strike itself was only partially effective, with most Arabs showing up for work. Some Israeli employers had threatened to dismiss any Arab employee who heeded the strike call. There were widespread sympathy strikes on the Israeli-occupied West Bank, but no major violence.

The government and most Israelis were surprised by the violent nature of the demonstrations and the numerous casualties. Nevertheless, a Rakah motion of no confidence on the government's handling of the disturbances was overwhelmingly defeated in the Knesset. Prime Minister Rabin echoed the sentiments of most Israelis when he charged during the debate that Rakah was responsible for inciting the demonstrators and that the Communists sought to disrupt the fabric of cooperation painstakingly created over the years between Jews and Arabs in Israel.

Rakah no doubt called the strike with a view to rallying additional Arab support to its banner and keeping the national political attention it gained last December when it won an overwhelming victory in the Nazareth municipal elections. The party—which controls only 4 of the 120 Knesset seats—probably has no more than 2,000 members. In recent years, however, it has significantly improved its standing among Israeli Arabs who have increasingly come to regard it as the only legal and credible spokesman for their grievances.

The government's effort to maintain order received widespread public support, although several Israeli commentators warned against simply blaming Rakah for Arab unrest. The commentators suggested that the government re-examine its policy toward the country's Arab minority to better take into account Arab sensitivities. The government will probably make a special effort to avoid provoking further demonstrations, but it is unlikely to initiate far-reaching programs to help the Arabs attain a greater measure of equality. ( )

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The current favorable economic climate has helped greatly in sustaining widespread public support for the repressive national emergency that Prime Minister Gandhi imposed last June. Her willingness to edge away from ideologically oriented economic policies toward more pragmatic ones reflects the political importance of responding to the expectations she has raised for improved living standards for the masses. Gandhi's son Sanjay, an increasingly influential figure in New Delhi, is among those urging a better performance by the sluggish public sector and consideration of a larger role for the long-suppressed private sector.

The budget sets the highest priority on completing ongoing projects in agriculture, energy, and industry. Defense expenditures are up about 12 percent. As a percent of total expenditures, defense dropped to 19 this year from about 21 last year. Spending on family planning will increase about 10 percent. Total planned spending is up about 20 percent from last year's proposed budget, but only 3 percent compared to the revised budget. The budget is regularly overspent by 10 to 20 percent.

This year's spending plan is being attacked by the Indian left because the program continues Gandhi's trend away from past socialist tax policies. Her uneasy ally, the Communist Party, is unhappy with the personal income tax cuts and the incentives for the private sector. Business interests, on the other hand, are reportedly disappointed at the small reduction in excise taxes and the absence of changes in basic corporate taxation.

New Delhi's new fiscal measures are unlikely to produce a major step-up in economic growth. The country still suffers from insufficient savings and investment. Fear of renewed inflation will mean continued restrictive monetary policies. Economic growth for 1976 and beyond will probably not reach the government's target of 5.5 percent and will remain tied closely to each year's agricultural performance.

## INDIA: NEW BUDGET

13-75

India's budget for the year beginning April 1 appears mildly expansionary, yet unlikely to rekindle inflation.

India had a good year in 1975, primarily because of a record food-grain harvest and falling domestic prices. But growing industrial production has outpaced demand and inventories have risen. New Delhi hopes that its new tax cuts in the budget will pick up demand and production. Continued economic expansion, however, depends less on fiscal measures than on the impact of weather on agriculture. A poor summer monsoon season would quickly depress India's currently buoyant economy.

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## SPAIN: GROWING POLARIZATION

The movement toward a leftist-oriented alliance of opposition parties in Spain is provoking belligerent responses from Spanish rightists, who have raised the specter of a "nationalist" coalition to oppose the left.

The two major coalitions of the Spanish opposition—the Communist-dominated Democratic Junta and the Socialist-led Platform of Democratic Convergence—have apparently hammered out a joint program after a week of intensive negotiations. The formation of the alliance, referred to as the Democratic Coordination, is still subject to ratification by some of the parties involved, however, and the major Christian Democratic party in the Platform coalition—the Christian Democratic Left—is badly divided over the issue of cooperation with the Communists. The party may have to choose, at its congress on April 3 and 4, between the new opposition alliance and a merger of two of the major Christian Democratic parties, which had appeared to be imminent. Should they back out of the alliance, the Socialists might also reconsider.

In any case, the merger of the coalitions apparently would not represent a true popular front and, more likely, would turn out to be an overall coordination structure designed to put pressure on the government.

The creation of even such a temporary organization would contribute to the increased polarization of political forces in Spain.

The maneuverings of the left are already stimulating rightist political groups to think of forming their own coalition. Earlier this month at the annual congress of the 500,000-strong National

Confederation of Civil War Veterans—officially nonpolitical, but potentially one of the most powerful pressure groups in Spain—some of the delegates reportedly advocated forming a "National Front" to counterbalance the incipient "Popular Front" forming on the left. A bid to transform the confederation into a political association, Spain's current version of a political party, was defeated—in part because the armed forces continue to oppose an overt political role for the organization.

Spurred by the increasing level of violence in public demonstrations and by the apparent growing unity of the left, Spain's right wing seems to be seeking an open confrontation with the left. The Confederation of Veterans declared its intention to organize a march in Madrid on April 4 to protest the government's relaxation of political restrictions, knowing full well that the rightist march would clash with a previously announced demonstration by the opposition. The government has banned both rallies.

Further to the right is Blas Pinar, leader of the Francoist "New Force." He told 2,000 or more of his followers on March 28 that King Juan Carlos had betrayed Franco's legacy by allowing the opposition to organize. Blas Pinar referred scathingly to the spectacle of liberals, Marxists, and democrats openly embracing in the streets—with the blessings of certain members of the church—and warned that his group stood ready to enforce the laws even if the government would not. After his speech, several hundred of his supporters demonstrated in Madrid to demand the government's resignation.

More extreme rightists—like the violence-prone Guerrillas of Christ the King—have already taken matters into their own hands on several occasions. They have been especially active in the troubled Basque country, where recent terrorist violence has inspired a renewed campaign of counter-terrorism, including several bombings and attempted assassinations of suspected terrorists.

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**PORTUGAL: CALM, BUT UNEASY**

Portuguese military leaders last week reaffirmed their pledge to hold a legislative election on April 25, despite technical difficulties that threatened a delay. The announcement was designed to quell rumors that the election might be postponed, or possibly even canceled, and to reassure an uneasy public that the military still intends to turn power over to a predominantly civilian government.

One of the principal arguments advanced for postponing the election was the likelihood that the constituent assembly would be unable to complete a draft constitution before the official campaign begins on Sunday. The Revolutionary Council, in reaffirming the election date, urged the assembly to complete its work as quickly as possible. A final impasse on amending the constitution was settled early this week. It is now scheduled to be promulgated by President Costa Gomes on Friday at the closing session of the assembly.

The military's intentions were opened to question when key leaders began to emphasize the disruptive potential of the campaign, which has already been marred by civil disorders and a flood of coup rumors.

Armed forces leaders have expressed particular concern in recent weeks over the threat of labor disorders and have made it clear they will deal severely with politically motivated strikers. In one instance, the government threatened striking nurses with conscription if they did not return to work. In another, a strike by construction workers was called off after Communist Party leader Cunhal was warned that the government would publish information definitely linking the Communists with the leftist military uprising on November 25. Scattered strikes are continuing, but Cunhal is now claiming that the right is fomenting the labor unrest and trying to put the blame on the Communists.

Intensified rivalries among the political parties has also drawn the ire of the military. In a session with Revolutionary Council representatives



Cunhal

OCI

two weeks ago, the parties agreed to tone down their rhetoric, and Prime Minister Azevedo subsequently met with Communist, Socialist, and Popular Democratic leaders in an effort to settle some of their differences. Violent campaign-related incidents, nonetheless, are on the rise. Seven persons were injured when leftist demonstrators tried to break up a Popular Democratic rally last weekend in the traditionally Communist Alentejo region southwest of Lisbon.

There have been several clashes between Communists and members of a small extreme left-wing group over the use of the hammer and sickle logo. The most recent incident—in which three persons were hospitalized—occurred last Saturday after the Supreme Court decided that the Portuguese Communist Party did not have the exclusive right to the emblem. The decision is a blow to the Communists' prestige, but could provide them with an excuse for withdrawing from the election if they want to avoid a poor showing.

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**USSR-UK: GROMYKO'S VISIT**

Foreign Minister Gromyko's visit to London last week produced a frank exchange of opinions on a broad spectrum of international issues, but no real shift in either side's position. Both sides, however, were determined to avoid provocations. The result, as was the case in the recent French-Soviet consultations in Moscow, was a cordial atmosphere and agreement to disagree on difficult substantive matters.

Gromyko seemed to be on his best behavior, taking pains to demonstrate Moscow's continuing interest in good relations with the West and to project a sense of sweet reasonableness. He made conciliatory noises on Africa, implying that the USSR was not seeking a confrontation with the West over Namibia and Rhodesia, but noting that he could speak only in the name of the Soviet Union. Foreign Minister Callaghan underscored

the Western position that detente in Europe could not be divorced from Soviet behavior in Africa; the point was not lost on Gromyko.

On the Middle East, Gromyko repeated the familiar Soviet position that Israel must recognize the right of the Palestinians to statehood, while the Palestinians must recognize Israel's right to existence. Since neither was likely to concede this before the other, Gromyko asserted that "we diplomats" must try to guide both sides toward simultaneous recognition. Gromyko glossed over Sadat's abrogation of the Soviet-Egyptian treaty, claiming that it did not add a new dimension to the Middle East situation since the treaty "was already dead anyway."

Both sides made studied efforts to demonstrate that bilateral relations were on an upward path. Gromyko began the visit with an unexpected "present," a Soviet commitment to complete soon the \$1.8 billion in Soviet purchases from the UK that have been outstanding since the extension of credit guarantees during Prime Minister Wilson's visit to Moscow last year. Agreement was reached on exchanges of ministerial delegations and official naval visits this year, and a trip by Brezhnev to the UK was described as "still on the agenda" for 1976.



Gromyko at London press conference

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**EC: CONSIDERING CONCESSIONS**

A number of EC states are concerned about the consequences of a collapse of the dialogue between rich and poor states currently under way in a number of international forums and are considering concessions that could be offered the developing states.

Next week—and again in May just before the UN Conference on Trade and Development in Nairobi—the EC Council will take up the issue. The limited amount of time left before this con-

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ference will make it difficult for the EC to coordinate any initiatives with the US and Japan.

The possibility of EC concessions on development questions is raised by an apparent softening of West Germany's financially conservative approach to debt relief for the developing states and of its traditional strong opposition to commodity agreements. While a dramatic policy shift by Bonn is unlikely, relaxation of its heretofore hard line may be sufficient to reconcile differences with the Dutch and French which have blocked agreement on common EC policies.



The West German political goal of avoiding a breakdown in the "North-South" dialogue is also seen in the work of a sub-cabinet group that is devising guidelines for German participation in commodity agreements. The terms of reference in effect acknowledge that political considerations may override the absence of economic justification for new commodity agreements.

Community eagerness to please the developing countries may already be getting in the way of diplomatic niceties. At the multilateral trade negotiations in Geneva last week, Community proposals for special measures applicable to the developing countries were presented without any warning to the other industrialized countries. Such a procedure, whether or not deliberate, could invite the developing countries to attempt to play off the EC against the US.

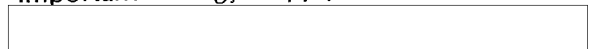
EC officials are in general concerned with regaining for the Community a leadership position they feel was lost at last fall's special session of the UN General Assembly on development and economic cooperation. The US was credited at that meeting with having turned the dialogue

from confrontation toward cooperation. Community officials apparently believe that the US may introduce new, possibly uncoordinated, initiatives at UNCTAD or the Conference on International Economic Cooperation in Paris. Should this belief take hold among the member states, it would help convince the Nine to rally to an EC policy at the expense of a common, industrialized-country position.

Meanwhile, there are indications that the developing states are growing restive with the slow pace of the four working commissions of the economic cooperation conference which met for the second time last week in Paris. The sessions avoided major disagreements only by setting them aside, but did agree on the conference's first recommendation: calling for contributions from the industrialized states and members of OPEC to the proposed \$1-billion international fund for agricultural development, preferably by April 15. 25X6

The Venezuelan co-chairman of the conference, Perez-Guerrero, has acknowledged that most of the 19 developing states attending the conference are aware that that forum is not yet ready to get down to specifics. They nevertheless argue that there must be concrete results after next month's meetings of the working commissions in order to convince the other developing states that the Paris forum can satisfy some of their economic demands.

Unlike the Paris forum, all the developing countries will participate in UNCTAD in May. In the event the Paris talks do not progress to the developing countries' satisfaction, they are likely to press their economic demands vigorously at UNCTAD—especially for an integrated program for commodities. The failure of the industrialized countries to respond in Nairobi could dim the prospects for substantive negotiations during the second half of the year in the Paris forum, which the industrialized states hope to use to reach some understanding with the oil producers on all-important energy supply and price questions.



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#### GAINS IN FUSION RESEARCH

The Soviets have recently made significant gains in their program to develop a nuclear fusion reactor, also a major goal of US nuclear research.

A fusion reactor would work like a hydrogen bomb—in which atoms are fused instead of split as in the current nuclear fission reactors—but the process is controlled so the energy is released slowly. If the fusion process can be harnessed, it will produce a nearly inexhaustible supply of energy.

The fuel used in a fusion reactor is deuterium, a form of hydrogen available in virtually unlimited quantities in water. The process involves raising the temperature of the fuel to about that of the sun to start the reaction and then to continue the reaction at that temperature while extracting usable energy.

Scientists at the Kurchatov Institute of Atomic Energy have achieved impressive results on the new Soviet fusion research device, the T-10 Tokamak—a large, doughnut-shaped device in which the very hot hydrogen fuel is contained by a magnetic field. New records were set for the length of time the high-temperature fuel was contained and for the amount of fusion energy released. Based on these results, the Soviets will now construct the T-20, a much larger Tokamak designed specifically to demonstrate conclusively the feasibility of producing energy in this way.

The Soviet fusion program, which is larger than the US program in both funding and manpower, will probably be the first to demonstrate the feasibility of producing fusion energy. Many formidable engineering problems remain to be overcome, however, before an electric power plant based on fusion energy can be built.

The US program is expected to match the recent Soviet results later this year. Because of its superiority in overall nuclear technology, the US could still develop the first fusion power plant even though the Soviets have made major advances in their research program.

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**ARGENTINA: COUP IN PERSPECTIVE**

Everything Argentina's military junta has said and done indicates careful advance preparation and an eye for public relations. The officers handled the actual take-over skillfully, and they have since worked to maximize public acceptance while making the sweeping changes they view necessary.

The new military leaders are utilizing the temporary political calm between Peron's departure and the start of their own policy initiatives to project an image of moderation and build popular support. Public relief with the ouster of the chaotic Peron government, combined with the junta's campaign to attract sympathy, has created a honeymoon period during which shortcomings are being overlooked.

**Emphasis on Conciliation**

The officers' public statements emphasize the need for conciliation while eschewing vengeance and totalitarian designs. The junta very quickly eased the press censorship it had imposed, removed roadblocks, and reduced the prominence of armed troops, all in an effort to restore normalcy. Moreover, the junta has replaced an interim, all-military cabinet with a permanent one featuring two civilian ministers. The government has also imposed a token price decrease on certain consumer staples.

The coup itself was the culmination of a process that began long ago and benefitted from near-unanimity of opinion among the military and from general public acquiescence. In full view of everyone, the armed forces for many months planned the details of how they would overthrow Maria Estela Peron. The former government was powerless to check the officers, who viewed each new misstep by the inept Peron as one more in a long list of reasons justifying her ouster. By delaying as long as they did, the armed forces hoped to give the administration every possible chance either to reform or completely discredit itself. Judging by the lack of resistance and some laudatory press comment following the

coup, the military succeeded in the latter objective.

The take-over was accompanied by articulate but relatively brief statements of its justification and aims. The proclamation of the coup concentrated on the "exhaustion" of all constitutional measures, a clear reference to repeated failures by civilians—notably congress—to remove Peron or at least curtail her authority. The proclamation appealed to Argentines' weariness of violence, noting that the civilians' inability to solve basic problems only "increased extremism of all sorts."

**Revitalizing Constitutional Institutions**

In its list of "basic objectives," the junta sought to play down its obvious national security concerns. It gave top billing to "revitalizing" constitutional institutions by placing the national interest above all particular interests. The new government placed the enforcement of "Christian morality" second, and only then listed eradication of subversion. The intent here was clearly to demonstrate that the junta has all-encompassing goals and that the terrorists do not have the power to monopolize the government's attention. The coup leaders may intend this message as much for their hard-line colleagues and subordinates as for the general population.

In a related public relations effort, the junta distributed information packets to foreign military attaches containing a statement of the "philosophy" of the military revolt and a biography of President Videla. Both are long, detailed statements designed to place the take-over in the best possible light. Videla is described as an outstanding career army officer, but more important, he is painted as a man uniquely able to bridge individual interests and take a global view of important problems.

**Junta Institutionalizing Its Rule**

The officers have already begun to institutionalize their rule. Though they collectively have sweeping powers, they have set up a system

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Agosti



Videla



Massera

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that seeks to minimize the influence of any one man, while striving for consensus. The three-man junta, composed of Videla, navy chief Admiral Emilio Massera and air force chief General Agosti, appoints the president but retains supreme authority. The President is to work closely with a nine-man legislative council composed of senior officers of the three services. The council will serve to communicate the views of the armed forces to the junta and the President and is to have a strong voice in the promulgation of laws. At least initially, the net effect seems to be a diffusion of authority and the representation of numerous points of view.

The fact remains, nonetheless, that an unelected military regime once again controls Argentina and will soon be judged on its record. To ensure control, the junta has replaced virtually all officials at the national and regional levels with military men. Congress has been disbanded, all political activity has been suspended, and major labor organizations have been placed under

government control. A few splinter parties have been banned outright. A state of siege is in effect, and perpetrators of violence can be shot on sight. Stiff jail terms or the death penalty are to be meted out by military courts to those who seek to cripple public services.

The officers are stressing their intention to retain an evenhanded stance by avoiding extreme repression, but problems in several areas could quickly put their equanimity to the test. Also, there is by no means complete unanimity within the military behind the idea of moderation. The virulent terrorist movement has already sought to provoke the junta by renewing its violent campaign. The terrorist rampage, possible civilian opposition from the ousted Peronists, or early economic reverses could reinforce the arguments of those officers who advocate more stringent measures. Indeed, the very ease with which the military came to power could make even slight setbacks in any area extremely difficult to explain away.

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## PANAMA: SETBACK FOR TORRIJOS

The cancellation of Panama's meeting of Latin American presidents is a major embarrassment for General Torrijos and at least an indirect slap at Cuba's revolutionary policies. A number of Latin American chiefs of state, unwilling to participate in a common endeavor with Cuba after its intervention in Angola and wary of a Torrijos-orchestrated effort to pressure the US for a new canal treaty, simply declined to attend.

The meeting, planned for June to mark the 150th anniversary of the Latin American Amphictyonic Conference convened by South American liberator Simon Bolivar, had been touted by Panama for the past year. Plans were announced in March 1975 at a mini-summit of Torrijos, Venezuelan President Perez, Colombian President Lopez Michelsen, and Costa Rican President Oduber. As recently as March 16 Torrijos' joint communique with Yugoslav President Tito stated that the conference would be of great

significance for Latin America. Panamanian papers have been carrying daily reminders of the anniversary.

Bringing together such diverse personalities as archconservative President Pinochet of Chile and Cuba's revolutionary Prime Minister Fidel Castro would have required fancy diplomatic footwork and favorable circumstances, both of which were lacking. Panama could not hide the fact that its ostensibly solemn commemoration of the Bolivarian ideal would be used for a propaganda barrage in support of its demands for sovereignty over the canal. Cuba's intervention in Angola last year injected another consideration. Most Latin American heads of state were critical of Cuba's role in Angola and are loath to be linked with Castro in any high-profile endeavor. Torrijos, who is not that well regarded by Latin American leaders, brought the problem into sharper focus in January with his public invitation to Castro and Castro's personal acceptance.



Press conference in March 1975 announcing Torrijos' plans for a meeting of Latin American leaders  
(left to right: Oduber, Torrijos, Lopez Michelsen, and Perez)

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Plans began to founder as an increasing number of chiefs of state declined their invitations. An effort to compromise with a ministerial-level meeting failed. An official communique last Saturday announced the cancellation, blaming it on "political conditions" in the region.

The Panamanian press has optimistically predicted that Bolivar's heirs will still throng to Panama in June, and the government undoubtedly will sponsor some commemorative events. This will not hide what must be Torrijos' keen disappointment at his failure—the first since the 1973 Security Council meeting in Panama—to elicit knee-jerk regional solidarity on a canal-related matter. Under most conditions, however, the general knows he can count on Latin American and third-world backing, and he will continue his campaign.

With students returning from vacation next week, the canal issue—which has been relatively quiescent in Panama lately—will probably attract greater attention.



Prime Minister Burnham

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## GUYANA: NO CUBANS

58-59

Allegations in the Brazilian and Venezuelan press that Cuban military personnel are at national service camps in Guyana and engaged in paramilitary training have not been confirmed by recent visitors to the camps.

A senior US embassy officer recently toured the camp at Papaya Creek, in northwest Guyana near the Venezuelan frontier, and is reasonably confident that there had been no Cubans or other non-Guyanese in the area. He said security and discipline seemed relaxed, and the Guyanese spoke freely of what they were doing. Newsmen from the US and Venezuela, including representatives of the right-wing nationalist magazine *Resumen*, were permitted to visit the main camp at Kimbia and reached similar conclusions.

Prime Minister Burnham's decision to allow foreigners to visit the camps has furthered the credibility of government denials that Cuban troops are in the country. Burnham knows that Venezuela and Brazil would react strongly to any move that might give the Castro government a toehold on the continent, especially if it involved troops in sensitive border areas. Burnham and Foreign Minister Fred Wills have assured both countries that Guyana's vigorous support for Cuba's intervention in Africa notwithstanding, the government would never permit its territory to be used as a staging ground for subversion in this hemisphere.

While Burnham has reacted angrily to the press reports, which he describes as attempts to destabilize his socialist government, he has found them useful in fostering a siege mentality at home, and has used them to rally support for his domestic policies.

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### THAILAND: FACING THE TEST

Thailand's year-old parliamentary system is facing what will possibly be its most serious test to date when voters go to the polls this Sunday. This will be Thailand's second general election in little over a year, and many Thai believe that if it does not result in a more stable government, the military will step in.

There is a strong prospect that the next government will be another weak coalition. Thirty-nine political parties are competing for 279 seats in the lower house of the National Assembly, and the results may not be any more conclusive than the outcome of the January 1975 election, which only produced a minority coalition government after seven weeks of parliamentary maneuvering.

Prime Minister Khukrit's Social Action Party is expected to do better this time, but there is a chance that Khukrit himself will be defeated.

Some key military officers hold Khukrit responsible for the failure of negotiations on a continued US military presence in Thailand and have vowed to block his re-election. He is running in a district heavily populated by military families. Khukrit will have to gain re-election to continue as prime minister.

Should Khukrit retain his seat, he is given the best chance of forming another government. If he is defeated, the most likely contenders to form a government are Democrat Party leader and Khukrit's older brother Seni Pramot, Thai Nation Party leader Praman Adireksan, the current defense minister, and Social Justice Party leader Thawi Chulasap, a former air force general.

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### JAPAN: WAITING FOR THE FACTS

The administrative agreement worked out with the US last week on transferring information on the Lockheed scandal to Japan has done little to relieve the atmosphere of uncertainty, tension, and frustration in Tokyo. While it no longer dominates the daily headlines, the Lockheed affair remains the number-one topic of conversation in press and political circles. Little change is expected until the data arrive and are acted on.

Recent opinion polls indicate widespread public support for disclosure of the Lockheed evidence, cynicism about Japanese politics, and pessimism about ending high-level corruption. At the same time, support for both the Miki cabinet and the ruling Liberal Democratic Party has dropped only slightly, and opposition parties have registered correspondingly small increases. The polls also indicate that economic issues continue to outweigh the Lockheed affair in terms of public concern.

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Against this backdrop, the government must soon decide how to obtain passage of the national budget. Opposition parties returned to the Diet briefly this week to pass an interim measure authorizing government appropriations until mid-May. They refused, however, to consider the annual budget until Prime Minister Miki reaffirms his initial pledge to disclose the Lockheed data.

Although Miki personally might be inclined to work out a compromise on the issue, other party leaders appear determined to resist any major concessions on handling the Lockheed data. They may calculate that public interest in speeding economic recovery will eventually force the opposition to pass the budget. In order to strengthen their party's bargaining position, some conservative leaders have begun to threaten unilateral action on the budget—a rare breach of Japanese political form that would probably lead to the cabinet's resignation.

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## OPEC: FIRST QUARTER OIL PRICES

Despite price adjustments by a few of the OPEC countries in the first quarter of 1976, the price of an average barrel of OPEC crude has risen insignificantly from the fourth quarter of 1975. We expect little if any change in the average price of oil before midyear.

At the OPEC meeting last September, the oil ministers announced a 10-percent increase in the price of a barrel of Saudi benchmark crude. The average OPEC sales price rose only 9.4 percent in the fourth quarter of 1975 because of varying methods used by individual oil-producing states in applying the price hike. Subsequent price changes have added only 0.2 percent.

The cost of imported oil in major consuming countries has increased by varying amounts since September, generally in the range of 6 to 8 percent. For the US, the import cost of crude rose by 6.1 percent as of January 1976. Differences in average prices paid by consuming countries reflect shifts in the types and sources of crude purchased, as well as variations in shipping costs.

Although the average price of oil has remained nearly stable so far this year, several countries have adjusted quality differentials in an attempt to restore a competitive balance to the oil market. The producers of heavy oil began price shaving in October 1975. Kuwait led with a price cut of 10 cents a barrel on its heavy oil, dropping the price to \$11.30. Saudi Arabia followed almost immediately by reducing the prices for its heaviest crudes. The price of Saudi heavy crude was decreased 10 cents a barrel and that for Saudi medium crude was pared 4 cents a barrel. The Kuwaiti and Saudi cuts were made retroactive to October 1.

Iran refused to cut its heavy-oil price in the fourth quarter and sustained sharply reduced liftings. Tehran finally relented in mid-February and lowered the price of its heavy crude by nearly 10 cents a barrel, in line with the earlier action of

Kuwait and Saudi Arabia. Iranian and Kuwaiti crudes remain substantially overpriced—by about 30 cents a barrel in the current market.

Following nationalization of the Venezuelan oil industry in January, crude costs fell in the first quarter by 27 cents a barrel on heavy crude bought by the former operating companies. Venezuela reportedly will institute some minor price adjustments on crude and oil products in the second quarter.

Market conditions also called for upward adjustments to light crude prices. Nigeria raised its crude prices in the first quarter of 1976 by 2 percent, to \$12.75 a barrel. At the same time, Lagos cut the price margin enjoyed by the operating companies from 40 cents to 25 cents a barrel, more in line with margins given by OPEC producers in the Persian Gulf. Because of slight shifts in the market, Nigerian crude is priced relatively high when its product yields are compared with that of Saudi benchmark crude. With demand for light crude at a peak, however, Nigeria should have little or no trouble moving its oil at the escalated price. Other light crude producers—e.g., Abu Dhabi and Libya—have not raised their prices, probably to preserve their advantageous market positions.

With Algeria shifting to a flexible pricing system, the company cost of crude from that country rose an average of 20 cents a barrel. The buyers are allowed to preselect a pricing schedule, subject to monthly or quarterly review of crude values in the market. Algerian prices are expected to increase by 15 cents, to \$13.00 a barrel in the second quarter.

No significant price changes are expected before the May meeting of the OPEC oil ministers in Jakarta. Kuwait has stated that its oil is overpriced, but that it will not further reduce the price until the issue of OPEC quality differentials is settled. This sentiment is probably shared by other OPEC members.

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